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Bacon, Henry

Free coinage of silver

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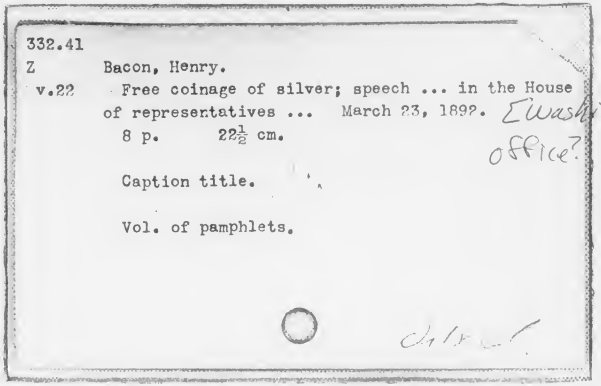

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Free Coinage of Silver.

SPEECH

OF

HON. HENRY BACON,

OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, March 23, 1892.

The House having under consideration the bill (H. R. 4426) for the free coinage of gold and silver, for the issue of coin notes, and for other purposes—

Mr. BACON said:

Mr. SPEAKER: The discussion upon this bill has taken a wide range away from the provisions of the bill, and, as it seems to me, has pretty nearly exhausted all that can be said upon the general question, whether an unlimited number of silver dollars containing 412½ grains of standard silver can be made to circulate in this country as equal to gold dollars containing 25.8 grains standard gold.

The friends of this measure insist that as the result of the free coinage privilege given by it great benefits are to flow to that portion of the country which is to-day clamoring for increased circulation. I can see no way in which such advantages can result from this legislation to that portion of the country. No man is authorized by this bill to have a silver dollar coined except a man who possesses the necessary amount of silver bullion; because no man can get a coin note unless he can take to the Treasury of the United States the silver coin to be represented by it, or silver bullion of equivalent coinage value.

Mr. Speaker, how can that right give to the citizens of this country increased circulation? If any man to-day has anything which is salable he can get for it the existing silver dollar or equivalent currency. If he desires to borrow money and has the credit or has the collateral he can borrow silver dollars or any of the existing forms of currency. He can do no more if you pass this bill. Either he must have the bullion or he must buy it or he must get it upon credit before he can have it coined or get the new coin certificates. The idea, therefore, that any additional facility in getting currency in any section of this country is to result from the passage of this act is certainly groundless.

No advantage can come to you, gentlemen, from sections other

than silver-producing, or to your constituents from its passage. You can not dig the silver out of the soil of your sections, nor pick it off the bushes. You will go back to your constituents and find, if they are anticipating from this action of Congress that silver dollars will roll uphill to meet them, that they will be disappointed. If you have prophesied in this Hall that as the natural result of this measure there will be increased circulation in your sections of country you will be doomed to meet the disapprobation of your disappointed constituents. You are, as it seems to me, tempting the fate of false prophets, who were taken outside the walls of the city and stoned to death.

Nor am I a believer that calamities unnumbered are to follow the passage of this bill. There will be no influx of silver from all over the earth into this country, for the simple reason that whether this bill brings the silver dollar and the gold dollar to equivalent intrinsic value, or whether it leaves the gold dollar and the silver dollar differing in value as now, there can be no temptation to the foreigner to bring his silver here. Why? If they are equivalent in value, then of course he would not bring his silver here for he would have simply to pay the expense of bringing here and would reap no profit.

If the two dollars differ in value, the inevitable result must be that the commodities of this country (and in those commodities will be included the gold of the country) will be measured by the instrinsic value of the silver dollar: and when a man from France, for instance, comes here with his silver, whether he desires to buy gold or to buy any other commodity, he will pay the silver price—nothing more and nothing less. Therefore, no flood of silver from abroad can in any event come upon this country as the result of this legislation.

But mischiefs unnumbered must come from it. Gentlemen, it is but a short time in the lives of all of us since we had in this country a currency consisting of gold coin, silver coin, and Treasury notes known as greenbacks. The gold coin and the silver coin were not in use. Why? Because the intrinsic value of the metal contained in those coins, as compared with the value of the greenbacks, made them more valuable than the greenbacks. But what was the condition of the country? There was little legitimate business possible.

Some of you gentlemen who are not allied to either of the great parties in this country are clamoring here against the increase of wealth in this country and the accumulation of it in a few hands. Do you remember when that began? It began when the legal-tender currency of this country was of a different value from the coined money of the country. Then these great fortunes began; then they heaped themselves up. And they did so because the shrewd business men, having at all times access to the markets, with cunning to understand the future, had at disadvantage the man who had not this capacity nor the necessary capital to take advantage of the situation.

When I was a boy—and it is not so long ago—you could count upon the fingers of both hands the men in the city of New York whose fortunes exceeded a quarter of a million dollars. The man at that time who had a hundred thousand dollars in his possession was as marked as the man who has $50,000,000 to-day.

When did the change come? It came when you had a currency which was not the universal currency of the world, when gold and silver were at a premium measured by the currency with which you paid debts. At that time and from that hour these fortunes accumulated. Then began the period of speculation; then cotton exchanges, produce exchanges, metal exchanges—aye, gold and silver exchanges, where gold and silver were sold as commodities—flourished

The gold and silver exchanges have departed. The others have established themselves upon a basis which has not yet been destroyed. With the destruction of the difference between the paper currency of the country and the gold and silver coins, speculation ceased in the metals because unprofitable. You know that for many years now the stock speculators have been complaining that they were devouring each other, and that the general public was not brought in at all. That condition of things began when and as soon as our currency reached the point where every dollar of it was worth just as much as every other dollar; whether the dollar was made of silver or paper or gold, each was equal to the other, and each was interconvertible with the other.

This result upon stock and other speculations followed not only in point of time, but as the effect of the resumption of specie payment. When the premium on the gold dollar no longer existed, and there was no fluctuation in its value, so that it could never be raised or depressed by speculative operations, the great element of uncertainty which makes speculation profitable was removed.

But, gentlemen say that we are going to run this by ourselves, that we are going to make this battle for silver without assistance, no matter about the rest of the world, what they do or what they think. Gentlemen, you can not do it. You and I can trade and barter with each other, and you, probably more skillful than I at such business, may get the advantage of me. I may be the loser and you the gainer, but the aggregate wealth of the country is not thereby disturbed. When we add anything to the aggregate wealth of the country we do it mainly by that which we obtain from the outside. It is the sale of the surplus products of this country in the markets of the world which adds to the wealth of the United States. The value of that surplus product is and will be measured whether you will or not, whether you enact this bill into law or not by the value of the gold coin, and its value thus measured fixes the price of what we use. This is as true of silver as of wheat.

Losses will result from this legislation and they will fall first and heaviest upon the creditor classes. Now, that class is divided into two great divisions. There are first men of large capital who are creditors, and there are next men of small capital, women and children, and persons incompetent. The savings of this latter class gathered together constitute the vast bulk of the loanable funds of the country and make of them a large majority in number of the creditor class. The losses consequent upon this legislation will fall heaviest upon these people, and to them the loss will be irretrievable. But to the millionaire, to the man who lends his own funds, who has plenty, the future will under

this law be filled with opportunities through which he will recoup his losses.

The loss resulting from uncertainty in value will fall back upon the producer. The middleman will thrive. As a result of the enactment of this law that which you deprecate, and which I deprecate, will continue, and the wealth of this country, instead of being more equally divided, will be more unequally divided. By reason of the uncertainty of values resulting from this legislation, the rich will become richer and the poor poorer. If there is any one thing that is certain in this world, that is the certain result of this legislation.

But, Mr. Speaker, referring to the bill itself. This bill begins with the statement:

That the unit of value in the United States shall be the standard silver dollar as now coined, consisting of 412½ grains standard silver, or the gold dollar of 25.8 grains standard gold.

Mr. Speaker, 412½ grains of standard silver are not worth and will not buy 25.8 grains of standard gold. You may enact such laws if you please, but they are idle to effect this result. There is no more practical result to be attained from such a declaration than if this Congress should enact that the unit of measurement should be a foot, to consist of 12 inches measured by a steel rod, or 18 inches measured by a wooden one. You can not reach a result in that way. You can not alter the intrinsic value of anything by legislation, and it is idle to attempt it.

Mr. Speaker, the gentlemen who are urging the passage of this bill assert that they are bimetallists, and that their object is to cause coins of both metals to freely circulate and to restore the silver dollar to equal value with the gold dollar. This is not the first time in the history of the world, or of this country, where the coins minted by governments and originally intended to be of exactly equal value have, in obedience to the natural law of supply and demand, parted company. But this is the first time when this Government has attempted by an enactment to wipe out the differences between the values of such coins arising from natural causes.

Up to this time the coinage of the silver dollar has been so small in amount and the willingness of the Government of the United States to exchange gold dollars for silver dollars has been so well understood that no trouble has arisen. There has been the implied promise of the Government of the United States at all times to redeem the one form of minted dollar with the other upon demand. But this situation is now to change. The silver dollar is to maintain itself without the promise of the Government of the United States behind it to pay anything for it except another silver dollar or its equivalent.

The object of coinage and the effect of the stamp are simply to certify to the world that the particular coin contains the number of grains of the stated purity required by the law for that coin.

The Supreme Court of the United States has said in construing the provisions of the Constitution authorizing the Congress to coin money and regulate the value thereof that:

Coinage only gives the guaranty to the people that the coins made current in payments contain the precise weight of gold or silver of the precise degree of purity declared by the statutes. These values (of coins) are determined by weight and purity and that form and impress are simply certificates of value. A contract to pay a certain number of dollars in gold or silver is not distinguishable as we think from a contract to deliver an equal weight of bullion of equal fineness.

The majority of the committee of this House say in their report "the stamp of the Government is affixed to it (the coin) solely for the purpose of guaranteeing its weight and fineness." Prior to this time whenever the differences between the intrinsic values of the metals contained in the coins of this country became such as to be appreciable, the more valuable coin ceased to circulate and the metal contained in it became simply bullion and a commodity to be dealt in at the value in this country of the less valuable coin, and elsewhere at its market value in the markets of the world.

To correct this the amount of metal contained in the coin of larger value has been uniformly reduced. But in place of this remedy the present bill proposes that the intrinsic difference in value shall be wiped out by legislative enactment. If the people of this country were children to be frightened or fools to be cajoled by law, such enactment might have some force; but as the majority of the people who use money are neither fools nor children the result certainly must be that those who possess the more valuable coin will sell it for its intrinsic value, and receiving for it the less valuable coin, will use the latter in payment of their debts, in settlement of their contract obligations and pocket the difference. The transaction is morally dishonest, but we can not expect that the individual members of a community will be any more sensitive about the integrity of their transactions than the community expresses itself to be by the laws which it causes or permits to be enacted.

Mr. Speaker, under this proposed law no considerable coinage of silver dollars will occur. Nobody wants or will use a silver dollar in the ordinary business of life, and no considerable transactions can be carried on with such a currency, both because of its inconvenience and because of the expense and risk of handling it.

The permission to coin silver dollars is sure to prove deceptive if it is not intended to deceive, because no man who is fortunate enough to have silver bullion would ever endure the delay or put up with the burden of waiting for and carting away silver dollars when he could get the new variety of promise to pay for which this bill provides and which it denominates a coin note. The inevitable result, and, as I believe, the intended result, of this bill is to compel the Government of the United States to buy the products of the silver miners and to pay an enhanced value for them, a value in excess of the intrinsic value of the metal itself.

There is no way that the Government of the United States can carry on such a transaction without loss unless at some future time the gentleman from Missouri shall rise in his place and insist that whereas the Government issued its promise to pay a dollar for silver which was only worth 70 cents, therefore the Government should redeem these promises by paying 70 cents where it has promised to pay a dollar. This form of repudiation

is the only possible escape which the Government has from making a loss to itself and paying a profit to the silver miners.

The fifth section of the act is the only one which, it seems to me, should be adopted. The act of 1890 requiring the purchase of the bullion should be repealed. Under it the Government of the United States has been forced to buy a commodity for which it had no use. It has to keep this commodity heaped up in its vaults, and has seen its value steadily diminished and has been powerless to relieve itself of the steadily increasing loss.

Mr. Speaker, it seems to me that the advocates of that bill and the advocates of this one, requiring as it does that the Government of the United States should pay in the market the coinage value of the silver purchased by it, must have overlooked the fact that the Government of the United States is simply the aggregate of the people of the United States and has no independent existence apart from the people.

The members of this House are the trustees of the funds of the people of the United States, and when they enact that a portion of these funds shall be taken out of the common Treasury and paid to individuals for the purchase of property at valuations in excess of that which others pay for the same property, they are guilty of a gross violation of their duty and are enacting the worst kind of class legislation. What sort of a business operation would it seem to gentlemen who advocated the act of 1890 if in their private business they had agreed to purchase something which they did not want and could not use, and stored it up in the face of the fact that it was steadily diminishing in value?

Would not a man who should engage in such a transaction beyond the limit of what he might fairly do for charity be deemed incompetent to transact his own business? Would any court hesitate to remove a trustee who should thus use trust funds? Much more, sir, is it a gross violation of trust for us to first create by law a fictitious value for a commodity, and then proceed to direct the purchase with the funds or upon the credit of the whole people at its legislative value of the commodity thus attempted to be appreciated.

I have listened, sir, as a member of this House, to most earnest protests from the gentleman from Missouri and other members of the Democratic party against class legislation and against the enactment of laws which favor one portion of the citizens of this country above another, and there is not a word of these denunciations which I am not in sympathy with, and there is not a sentence, a word, or a syllable of them which does not condemn this bill and refute the arguments by which it is sought to be supported.

The principles of Democracy, gentlemen, have never been and never can be more grossly violated than by the passage of this proposed act. For my own part, sir, if there were nothing in this bill but a provision that the Government of the United States should go further in the issuing of its promises to pay I would be opposed to it.

When in the stress of the late war this Government first issued its promises to pay and declared them legal tender, the excuse was the necessity of the situation. The Government then needed

money, and it borrowed it upon this form of paper. Since that necessity has passed the Government not only should not issue further promises to pay, but should set about redeeming and canceling the promises it has already issued.

Again, Mr. Speaker, I recur to the thoughts that, sitting here as members of the House of Representatives, we are but trustees of the people of the country, and that there is no government separate and apart from the people themselves. The Government of the United States in this country is but a convenient phrase. We manage the business of the people, and should manage it as prudent men conduct their own business.

Men engaged in business at times borrow capital to meet extraordinary expenditures, and when those expenditures are completed and the extraordinary occasion has passed prudent men then proceed to pay the obligations which they have previously incurred. They do so, not out of any desire to benefit their creditors, but because an intelligent selfishness teaches them that unless they do pay when they can they will be unable to borrow when they must. Therefore, in these piping times of peace the Government of the United States should pay its existing obligations, especially should pay its promises which it has forced upon the people as a legal tender and upon which it pays no interest. It should pay them as it has promised, so that when the emergency shall again arise when it must borrow it can do so with unimpaired credit. The necessity may come at any time, and we, as trustees of the people, should prepare for it now.

Gentleman should not forget that there was a time not very remote when the credit of the Government of the United States was at low ebb, and when its promises to pay were discredited. Therefore, sir, instead of authorizing a further issue of promises to pay, as provided in this bill, this House should first prohibit the utterance of any such promises, and secondly, require that, as speedily as possible, all such promises should be fulfilled and its notes retired. When they have been retired the Government of the United States will have such credit as at all times and in all emergencies will enable it to borrow funds when requisite.

Mr. Speaker, in the Fifty-first Congress, when the act known as the McKinley bill came back from the Senate of the United States to this House, there had been placed upon it an amendment which authorized the President of the United States, by proclamation, under certain circumstances to impose duties upon the products of certain countries. The provision was an extraordinary one, and it evoked in this House, upon the Democratic side and from the Democratic members, the strongest kind of opposition.

Mr. HERBERT, member of that House from the State of Alabama, speaking to this amendment, said:

> In order to meet this defect the Senate has proposed an amendment called the reciprocity amendment, which is a sham and a fraud. That amendment proposes to vest in the President of the United States the power to legislate, a power to impose taxes, a power that does not and can not belong to him under the Constitution. Not one of us here has time to do more than to state and denounce the proposition as a sham and a fraud.

Mr. MCMILLIN, a member of that House from the State of Tennessee, said:

> When our fathers began this Government they wisely had revenue bills

originate with the House of Representatives, because that body comes most directly and frequently from the people; but here the enemies of our institutions in this bill provide that they shall not originate in the House or in the Senate, but that the President shall impose numerous taxes, remit them, and reimpose them at pleasure.

A more cowardly and uncalled-for surrender of sovereign power was never made by the faithless representatives of a free people. This amendment is not only a spiritless surrender of principle and power, but an overruling of the Constitution. If the people's representatives surrender their principles they should be relegated to the rear and representatives sent here more worthy the sires who bled for these liberties and the sages who toiled for this Constitution.

Notwithstanding these Democratic protests the bill passed the House and became a law, and from that day until this the Democratic press, the Democratic orators, the Democratic party in convention assembled, has denounced this particular provision of the McKinley bill as the last and most scandalous effort of the Republican party to destroy the Constitution and to deprive the representatives of the people of the power conferred upon them by our fundamental law. And yet, sir, gentlemen who desire to be known as members of the Democratic party come into this House and propose by this bill to enact that the President of the United States shall by proclamation regulate the value of the coin of this country, and that he shall do so whenever a foreign country shall adopt a certain measure.

Mr. Speaker, if the clause in the bill were of the slightest force the President of the United States would not only be authorized but compelled to issue such a proclamation and to regulate the value of the coin of this country in accordance with the legislation adopted by the Government of France, even though he knew that that legislation was adopted in bad faith and with the predetermined purpose of betraying this Government into a false position and to cause to the people of this country a serious loss. So eager are these gentlemen for free coinage and to grant this subsidy to the mine-owner that they turn over the power given to this House by the provisions of the Constitution first to the President of the United States and secondly and ultimately to a government of a foreign country.

Upon what argument which these gentlemen and their party have not denounced that proposition is based is not apparent. I denounce it here as in violation of every sound construction of the Constitution, as a surrender for the sake of greed of the authority and power of this House, and as irreconcilably in conflict with the principles of the Democratic party.

Mr. Speaker, the gentleman from Missouri said that this question was not a party measure. I add to that statement, sir, this much, that no man who sincerely believes in Democratic principles and who believes, as I do, that the Government of this United States must perish from off the face of the earth unless it shall be administered according to the principles of my party can vote for this measure. There is no room for compromise. To vote for it is antagonistic to all that the Democratic party has fought for and to every principle by which its members should be guided.

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